

Message Text

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ACTION ARA-10

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XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 AGR-05

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 1382

INFO AMEMBASSY CARACAS

USSOUTHCOM

AMCONSULATE CALI

AMCONSULATE BARRANQUILLA

AMCONSUL MEDELLIN

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E.O. 11652: N/A

TAGS: PINT, PINS, PFOR, PORG, ECON

SUBJECT: THE WEEK IN COLOMBIA

1. SUMMARY. A SHARP RISE IN THE COST OF LIVING WAS ANNOUNCED FOR APRIL, AND THE INFLATIONARY ECONOMIC SITUATION BECAME THE MAJOR SOURCE OF CONCERN FOR THE GOC AND OF DISCONTENT FOR VARIOUS COLOMBIAN INTEREST GROUPS. MAY DAY DEMONSTRATIONS AND AN UNSUCCESSFUL BOMBING ATTEMPT, APPARENTLY AIMED AGAINST A FORMER MINISTER OF LABOR, HIGHLIGHTED THE DISRUPTION OF PUBLIC ORDER. THE EMBASSY MADE SEVERAL REPRESENTATIONS TO THE FONOFF SEEKING GOC SUPPORT FOR US CANDIDATES TO VARIOUS INTERNATIONAL ORGANIZATIONS, AND LEARNED OF THE GOC'S INTENTION TO PURSUE QUITA SUENO RATIFICATION IN WASHINGTON.

2. INFLATION HITS RECORD HIGH. THE CONSUMER PRICE INDEX IN APRIL INCREASED BY A RECORD HIGH OF 7.6 PERCENT FOR
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WORKERS AND 6 PERCENT FOR EMPLOYEES. THE APRIL FIGURE FOR WORKERS ADJUSTS SEASONALLY TO A 50 PERCENT ANNUAL RATE, WHILE THE FIRST FOUR MONTHS OF 1977 ADJUST TO A 34 PERCENT ANNUAL RATE. THE PRICE INCREASES ARE EVEN MORE SIGNIFICANT THAN THE HISTORICAL HIGH INDICATES, BECAUSE THEY HAVE BEEN PARTICULARLY SEVERE IN BASIC STAPLES. FOR INSTANCE, IN BOGOTA, LAST MONTH THE PRICE OF BROWN SUGAR INCREASED

BY 18.5 PERCENT, CHOCOLATE BY 75 PERCENT, AND POTATOES BY 12.4 PERCENT. IN MEDELLIN THE PRICE OF CORN INCREASED BY 28 PERCENT AND IN CALI PLANTAIN PRICES INCREASED BY 58 PERCENT. THERE IS PRACTICALLY NO FOOD ITEM WHICH THE POOR CAN SUBSTITUTE TO DEFEND THEMSELVES AGAINST THESE PRICE RISES. THE GOVERNMENT TOOK ANOTHER SERIES OF MEASURES TO DEAL WITH THE RISING PRICES, (SEPTEL), BUT NONE OF THEM IS LIKELY TO HAVE A SIGNIFICANT EFFECT ON REDUCING THE RATE OF INFLATION. PRICE INCREASES IN THE FIRST FOUR MONTHS OF THE YEAR ARE LARGELY A RESULT OF THE 1976 YEAR-END MONETARY EXPANSION AND THE DROUGHT. THE GALLOPING INFLATION RATE SHOULD BEGIN TO DECLINE IN MAY OR JUNE AS THE MONETARY EFFECTS DISSIPATE AND MID-YEAR CROPS ARE HARVESTED.

3. POLITICAL REACTIONS TO INFLATION. THE RELEASE OF RECORD HIGH INFLATION FIGURES HAS CAUSED CONSIDERABLE ALARM WITHIN POLITICAL CIRCLES, WITH THE VARIOUS FACTIONS TAKING PREDICTABLE LINES OF SUPPORT OR CRITICISM TOWARDS THE GOC'S ECONOMIC POLICIES. THE OSPINA-PASTRANA WING OF THE CONSERVATIVE PARTY CLAIMS THE INFLATION RATE DEMONSTRATES THE INEFFECTIVENESS OF THESE POLICIES AND THE NEED FOR IMMEDIATE CHANGE OF ECONOMIC DIRECTION. SPOKESMEN FOR THE ALVARO GOMEZ WING, WHILE CRITICAL OF CERTAIN ASPECTS OF THE LOPEZ ADMINISTRATION'S ECONOMIC POLICIES, HAVE CALLED ON COLOMBIANS TO SUPPORT THE GOVERNMENT'S EFFORTS TO CONTROL INFLATION, FOR THE SAKE OF PRESERVING COLOMBIA'S DEMOCRATIC SYSTEM. SUPPORTERS OF PRE-CANDIDATE AND EX-PRESIDENT CARLOS LLERAS HAVE ALSO CRITICIZED THE ADMINISTRATION, CHARGING THAT SIMPLE AND RIGID MONETARY POLICIES ARE NOT SUFFICIENT TO COMBAT THE ECONOMIC AND LIMITED OFFICIAL USE

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SOCIAL PROBLEMS CAUSED BY INFLATION. THE TURBAY WIND OF THE LIBERAL PARTY HAS MADE NO OFFICIAL COMMENT, PROBABLY PREFERRING TO LEAVE THIS TO TURBAY HIMSELF WHEN HE LAUNCHES HIS CAMPAIGN IN BOGOTA FOR THE PRESIDENTIAL NOMINATION IN A MASS RALLY ON MAY 7. THERE ARE INDICATIONS THAT TURBAY MAY ADOPT A SOMEWHAT MORE CRITICAL ROLE TOWARDS THE LOPEZ ADMINISTRATION IN ORDER TO PUT SOME DISTANCE BETWEEN HIMSELF AND THE ADMINISTRATION'S POLICIES, BUT WITHOUT SIGNIFICANTLY REDUCING HIS SUPPORT OF THE PRESENT GOVERNMENT.

4. PUBLIC ORDER. ON MAY 1, AN ESTIMATED 100,000 PERSONS PARTICIPATED IN PUBLIC RALLIES IN BOGOTA ON THE "DAY OF THE WORKER." THE DISUNITY IN THE LABOR MOVEMENT WAS CLEARLY DEMONSTRATED BY THE FACT THAT THREE RIVAL RALLIES WERE HELD CONCURRENTLY BY THE COMMUNIST PARTY AND ITS ASSOCIATED LABOR ORGANIZATIONS, THE DEMOCRATIC LABOR CONFEDERATIONS, AND A COLLECTION OF LEFTIST POLITICAL GROUPS, INCLUDING MOIR AND ANAPO. VIOLENCE OCCURRED AT THE LATTER

DEMONSTRATION WHEN MILITANTS OF MOIR AND THE MARIA EUGENIA ROJAS FACTION OF ANAPO CLASHED AND SEVERAL PARTICIPANTS SUFFERED BULLET WOUNDS OR OTHER INJURIES. DESPITE HEAVY SECURITY PATROLS IN THE CITY, THERE WERE A NUMBER OF MINOR ACTS OF VIOLENCE AFTER THE RALLIES, PRIMARILY THE THROWING OF MOLOTOV COCKTAILS BY YOUGHFUL DEMONSTRATORS, BUT NO FURTHER PERSONAL INJURIES WERE REPORTED. TWO INDIVIDUALS WERE ARRESTED APRIL 28 AS THEY PLACED EXPLOSIVES NEAR FORMER MINISTER OF LABOR MARIA ELENA DE CROVO AND OTHER OFFICIALS, INCLUDING PRESIDENTIAL PRE-CANDIDATE JULIO CESAR TURBAY, DURING A GATHERING AT A MAJOR BOGOTA HOTEL. THE INTENDED ASSASSINATION WAS BELIEVED TO BE AT THE ORDERS OF THE CUBAN-LINE ELN, WHICH HAD PREVIOUSLY THREATENED TO KILL DE CROVO. THE ELN WAS ALSO ACTIVE IN THE COUNTRYSIDE AS THEY RAIDED AND LOOTED A SMALL ISOLATED TOWN ON MAY 4, WOUNDING TWO POLICEMEN. MOSCOW-LINE FARC GUERRILLAS HAD CONDUCTED A SIMILAR RAID ON ANOTHER LIMITED OFFICIAL USE

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TOWN ON MAY 1, PRESUMABLY IN SEARCH OF FOOD AND SUPPLIES.

5. MULTILATERAL AFFAIRS. THE EMBASSY SOUGHT GOC SUPPORT FOR US CANDIDATES FOR THE UN HUMAN RIGHTS COMMISSION (BOGOTA 4012 AND 4080) AND THE UNICEF EXECUTIVE DIRECTORSHIP (BOGOTA 4120). UNFORTUNATELY, THE GOC HAD ALREADY PLEDGED ITS VOTES TO OTHER NATIONS FOR THE FORMER POSITION, BUT NOTED IT WOULD SUPPORT THE US CANDIDATE IF ONE OF THESE OTHERS WERE TO WITHDRAW. THE FONOFF SAW NO REASON, HOWEVER, WHY THE GOC WOULD NOT SUPPORT OUR UNICEF CANDIDATE. THE EMBASSY ALSO LEARNED FROM A FONOFF OFFICIAL (BOGOTA 4123) THAT NEWLY APPOINTED COLOMBIAN AMBASSADOR TO THE US VIRGILIO BARCO HAD RECEIVED INSTRUCTIONS TO PRESS THE DEPARTMENT AND THE SENATE FOREIGN RELATIONS COMMITTEE FOR RATIFICATION OF THE QUITA SUENO TREATY. DREXLER

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